

## **BUDGET, FINANCE & INVESTMENT COMMITTEE**

**December 6, 2012**

**5:30 P.M.**

**Courthouse**

### MINUTES:

#### Members Present:

Comm. Charlie Baum  
Comm. Joe Frank Jernigan  
Comm. Will Jordan  
Comm. Robert Peay, Jr.  
Comm. Steve Sandlin  
Comm. Doug Shafer  
Comm. Joyce Ealy, Chrm.

#### Others Present:

Ernest Burgess  
Lisa Nolen  
Melissa Stinson  
Judge Donna Davenport  
Larry Farley  
Sheriff Robert Arnold  
Joe Russell

#### Others Present:

Bernard Salandy  
Emily Brandon  
Gary Carlton  
Cory Edmonds  
Elaine Short

Chairman Ealy presided and called the meeting to order with all members being present.

### APPROVE MINUTES:

The minutes of the November 8, 2012 Budget Committee meeting were presented for approval.

Comm. Shafer moved, seconded by Comm. Sandlin to approve the minutes as presented.

The motion passed unanimously by acclamation.

### INVESTMENT REPORT:

Chairman Ealy presented the monthly Investment Report for the use and information of the committee advising that there were no bids taken during the month. The LGIP interest rate for the month was .15%.

Comm. Peay moved, seconded by Comm. Jernigan to approve the monthly Investment Report as presented.

The motion passed unanimously by acclamation.

### RESOLUTION AUTHORIZING INCREASE TO CASH ON HAND FOR TRUSTEE'S OFFICE:

Chairman Ealy presented a Resolution authorizing an increase to the Trustee's Office cash on hand from \$700 to \$1,000 in order to have sufficient funds to make change for their customers and to designate Thomas E. Batey as the petty cash custodian.

Comm. Sandlin moved, seconded by Comm. Jernigan to approve the Resolution and forward the same to the County Commission increasing the cash on hand in the Trustee's Office from \$700 to \$1,000 and designating Thomas E. Batey as the petty cash custodian.

The motion passed unanimously by acclamation.

### FUND CONDITION REPORT:

The Finance Director advised that the Development Tax collections for the month totaled \$212,250 with the year-to-date collections being \$744,000. This compared to the same month in the prior year when the monthly collections were \$36,750, and the year-to-date collections were \$352,500.

The committee reviewed the fund cash balances, which totaled \$140,703,139 with operating funds being \$117,664,944 and borrowed funds being \$23,038,195. This compared to the same period in the prior year when the total cash balances were \$116,719,011 with operating funds being \$99,086,495 and borrowed funds being \$17,632,516.

The Finance Director reviewed the revenue collections advising that both the General Fund and the Ambulance Fund had collected 27% of the total estimated revenue for the year, which compared favorably to the prior three years. The Finance Director advised that in the General Fund, the sales tax collections were 42% higher than the prior year. She explained that there were two contributing factors for the increase in sales tax. First the collections were higher than the previous year, and secondly, the county had completed the payback of sales tax to the City of Murfreesboro. Building Permits also reflected an increase of 57%. The increase in sales tax collections was also a component in the increase in revenue for the Solid Waste/Sanitation Fund, the Highway Fund, and the General Purpose School Fund. The Finance Director advised that the revenue collections compared to the budget were in line or better than actual revenue collected for the prior five years that were presented.

Following review, Comm. Jordan moved, seconded by Comm. Peay to approve the Fund Condition Report as presented.

The motion passed unanimously by acclamation.

#### RISK MANAGEMENT FINANCIAL REPORT:

Ms. Melissa Stinson, Risk Management Director, presented the monthly Insurance Financial Report advising that for Fund 264, medical, dental and vision, the cost per employee per month was \$811.15 compared to \$685.07 for the same month in the prior year. The year-to-date average cost for the current fiscal year was \$868.83 compared to \$842.88 in the prior year, which reflected a 3.1% increase in the claims experience. When including the onsite medical costs, the cost per employee per month was \$850.66 compared to \$762.67 in the prior year for a year-to-date average of \$901.44 compared to a year-to-date average of \$873.16 in the prior year reflecting a 3.2% increase year over year.

Ms. Stinson reviewed Fund 266, Work Injury Fund Performance, advising that the year-to-date claims costs were \$376,882 compared to \$260,017 for the prior year, which reflected an increase of 45%.

Following review, Comm. Sandlin moved, seconded by Comm. Jernigan to approve the Risk Management monthly Financial Report as presented.

The motion passed unanimously by acclamation.

#### **GENERAL FUND BUDGET AMENDMENTS**

##### COUNTY BUILDINGS:

The Finance Director requested approval of the following budget amendment for the County Buildings Department recognizing revenue received from insurance recoveries totaling \$23,007 and appropriating the insurance proceeds to building improvements for replacing the roof on the Coin Building and for repairs to the rooftop HVAC on the Judicial Building:

Increase Revenue:	101-49700 - Insurance Recovery -	\$23,007
Increase Expend.:	101-51800-707 – Building Improvements -	\$23,007

Comm. Sandlin moved, seconded by Comm. Shafer to approve the budget amendment as requested for the County Buildings Department increasing Revenue Account 101-49700, Insurance Recovery, by \$23,007 and increasing Expenditure Account 101-51800-707, Building Improvements, by \$23,007.

The motion passed unanimously by roll call vote.

JUVENILE COURT:

Judge Donna Davenport requested approval of the following budget amendment to pay the accumulated vacation for the Juvenile Court Magistrate who left employment to become the Circuit Court Judge replacing Judge Ash and to cover the salary and benefits for the new magistrate:

From:	101-39000 – Unassigned Fund Balance -	\$8,733
To:	101-53500-189 – Other Salaries & Wages -	\$7,243
	101-53500-201 – Social Security -	450
	101-53500-204 – State Retirement -	920
	101-53500-209 – Disability Insurance -	15
	101-53500-212 – Employer Medicare -	105

Comm. Sandlin moved, seconded by Comm. Jernigan to approve the budget amendment for the Juvenile Court as requested amending \$8,733 from Account 101-39000, Unassigned Fund Balance, and increasing accounts 101-53500-189, Other Salaries & Wages by \$7,243; 101-53500-201, Social Security, by \$450; 101-53500-204, State Retirement, by \$920; 101-53500-209, Disability Insurance, by \$15; and 101-53500-212, Employer Medicare, by \$105.

The motion passed unanimously by roll call vote.

PARKS AND FAIR BOARDS:

The Finance Director advised that an individual had given a memorial gift to the Recreation Department on behalf of Ben Cates and Jim Estes. Approval of the following budget amendment was requested to recognize the memorial gift to be appropriated for the recreation program:

Increase Revenue:	101-44570 – Contributions/Gifts -	\$ 50
Increase Expend.:	101-56700-418 – Equipment/Machinery Parts -	\$ 50

Comm. Jordan moved, seconded by Comm. Peay to approve the budget amendment as requested increasing Revenue Account 101-44570, Contributions & Gifts, by \$50; and increasing Expenditure Account 101-56700-418, Equipment & Machinery Parts, by \$50.

The motion passed unanimously by acclamation.

FIRE & RESCUE:

Fire Chief Larry Farley, requested approval of the following budget amendments to provide additional funding for the Diesel Fuel Account with the funds coming from the pooled gas account in the Miscellaneous Category.

Chief Farley also advised that effective January 1, 2013, the Rockvale Volunteer Fire Department desired to merge their operations into the Rutherford County Fire and Rescue Department. There will be \$22,500 remaining on the contract with the Rockvale Volunteer Fire Department, and Chief Farley requested that this money be redistributed for diesel fuel, communications, utilities, and other supplies:

From:	101-58900-425 – Miscellaneous/Gasoline -	\$12,000
To:	101-54320-412 – Fire & Rescue/Diesel Fuel -	\$12,000
From:	101-54320-399 – Other Contracted Services -	\$22,500
To:	101-54320-307 – Communications -	\$ 1,000
	101-54320-338 – Maint./Repair Vehicles -	10,000
	101-54320-412 – Diesel Fuel -	5,000

101-54320-452 – Utilities -	1,000
101-54320-499 – Other Supplies/Materials -	5,500

Chief Farley next requested approval of the following budget transfer to provided funding to purchase additional hoses:

From: 101-54320-336 – Maint./Repair Equipment -	\$ 2,000
To: 101-54320-499 – Other Supplies/Materials -	\$ 2,000

Next Chief Farley advised that a refund from insurance paid by the Southeast Rutherford Volunteer Fire Department had been received by the County, and he requested approval to reflect the revenue received from the refund and to appropriate the funds to the Rutherford County Fire and Rescue Department:

Increase Revenue:	101-44170 – Miscellaneous Refunds -	\$1,733
Increase Expend.:	101-54320-499 – Other Supplies/Materials -	\$1,733

Comm. Jernigan moved, seconded by Comm. Peay to approve the budget amendments for the Fire and Rescue Department as requested amending \$12,000 from Account 101-58900-425, Miscellaneous Gasoline, to Account 101-54320-412, Fire and Rescue Diesel Fuel; Transferring \$22,500 from Account 101-54320-399, Other Contracted Services, with \$1,000 to Account 101-54320-307, Communications; \$10,000 to Account 101-54320-338, Maintenance & Repair Vehicles; \$5,000 to Account 101-54320-412, Diesel Fuel; \$1,000 to Account 101-54320-452, Utilities; \$5,500 to Account 101-54320-499, Other Supplies & Materials; transferring \$2,000 from Account 101-54320-336, Maintenance & Repair Equipment, to Account 101-54320-499, Other Supplies and Materials; and increasing Revenue Account 101-44170, Miscellaneous Refunds, by \$1,733; and increasing Expenditure Account 101-54320-499, Other Supplies and Materials, by \$1,733.

The motion passed unanimously by roll call vote.

#### FINANCE:

The Finance Director explained that previously there was \$6,000 in the Finance Department budget for an intern through the University of Tennessee; however, more hours are needed to process payroll and she requested approval of the following budget amendment to transfer the monies to Part-Time Personnel to provide 10 additional hours for a part-time employee to assist with the payroll process:

From: 101-52100-310 – Contracts w/Other Public Agencies -	\$6,000
To: 101-52100-169 – Part-Time Personnel -	\$5,570
101-52100-201 – Social Security -	345
101-52100-212 – Employer Medicare -	85

Comm. Sandlin moved, seconded by Comm. Baum to approve the budget transfer for the Finance Department transferring \$6,000 from Account 101-52100-310, Contracts with Other Public Agencies; with \$5,570 to Account 101-52100-169, Part-Time Personnel, \$345 to Account 101-52100-201, Social Security, and \$85 to Account 101-52100-212, Employer Medicare.

The motion passed unanimously by roll call vote.

#### SHERIFF'S DEPARTMENT/JAIL:

Sheriff Robert Arnold and Chief Deputy Joe Russell were present to request approval of the following budget amendments to transfer \$22,408 within the Sheriff's Department budget from Data Processing Equipment to Data Processing Services and Maintenance and Repair Equipment; to transfer \$11,500 from the Detention's Other Contracted Services Account to the Sheriff's Department Rental Account for the narcotic building; to recognize revenue from

insurance recovery to be appropriated for motor vehicles; to recognize revenue from the Shop with the Sheriff to be appropriated for Other Contracted Services; and to recognize revenue for the sale of equipment through GovDeals to be appropriated for law enforcement equipment:

From:	101-54110-709 – Sheriff/Data Processing Equipment -	\$22,408
To:	101-54110-317 – Sheriff/Data Processing Services -	\$12,408
	101-54110-336 – Sheriff/Maint./Repair Equipment -	10,000
From:	101-54210-399 – Jail/Other Contracted Services -	\$11,500
To:	101-54110-351 – Sheriff/Rentals -	\$11,500
Increase Revenue:	101-49700 – Insurance Recovery -	\$10,542
Increase Expend.:	101-54110-718 – Sheriff/Motor Vehicles -	\$10,542
Increase Revenue:	101-44570 – Contributions/Gifts -	\$ 2,578
Increase Expend.:	101-54110-399 – Sheriff/Other Contracted Svc. -	\$ 2,578
Increase Revenue:	101-44530 – Sale of Equipment -	\$ 8,341
Increase Expend.:	101-54110-716 – Law Enforcement Equipment -	\$ 8,341

Comm. Peay moved, seconded by Comm. Shafer to approve the budget amendments for the Sheriff's Department and Jail as requested transferring \$22,408 from Account 101-54110-709, Sheriff's Department Data Processing Equipment, with \$12,408 to Account 101-54110-317, Data Processing Services, and \$10,000 to Account 101-54110-336, Maintenance and Repair Equipment; amending \$11,500 from Account 101-54210-399, Jail Other Contracted Services, to Account 101-54110-351, Sheriff's Department Rentals; increasing Revenue Account 101-49700, Insurance Recovery, by \$10,542, and increasing Expenditure Account 101-54110-718, Sheriff's Department Motor Vehicles, by \$10,542; increasing Revenue Account 101-44570, Contributions & Gifts, by \$2,578, and increasing Expenditure Account 101-54110-399, Sheriff's Department Other Contracted Services, by \$2,578; increasing Revenue Account 101-44530, Sale of Equipment, by \$8,341; and increasing Expenditure Account 101-54110-716, Sheriff's Department Law Enforcement Equipment, by \$8,341.

The motion passed unanimously by roll call vote.

#### DRUG CONTROL FUND BUDGET AMENDMENT:

Chief Deputy Russell requested approval of the following budget amendment for the Drug Control Fund to recognize revenue from the sale of equipment through GovDeals to be appropriated for motor vehicles:

Increase Revenue:	122-44530 – Sale of Equipment -	\$802
Increase Expend.:	122-54150-718 – Motor Vehicles -	\$802

Comm. Jernigan moved, seconded by Comm. Jordan to approve the budget amendment for the Drug Control Fund as requested increasing Revenue Account 122-44530, Sale of Equipment, by \$802, and increasing Expenditure Account 122-54150-718, Motor Vehicles, by \$802.

The motion passed unanimously by roll call vote.

#### SPECIAL PURPOSE (DEA) FUND BUDGET AMENDMENT:

Chief Deputy Russell next requested approval of the following budget amendment for the Special Purpose Fund recognizing revenue received from asset forfeitures to be appropriated for confidential enforcement:

Increase Revenue:	121-47700 – Asset Forfeiture Funds -	\$3,648
Increase Expend.:	121-54110-319 – Confidential Enforcement -	\$3,648

Comm. Sandlin moved, seconded by Comm. Jernigan to approve the budget amendment for the Special Purpose Fund increasing Revenue Account 121-47700, Asset Forfeiture Funds, by \$3,648, and increasing Expenditure Account 121-54110-319, Confidential Enforcement, by \$3,648.

The motion passed unanimously by roll call vote.

RESOLUTION INCREASING DUI LITTER PICK UP FEE:

Chairman Ealy advised that the Public Safety Committee had forwarded a recommendation for a proposed Resolution to the Budget Committee setting the DUI Litter Pick Up Fee at \$30 per day. The motion passed by roll call vote with Comm. Peay voting “no”.

A copy of the old law was provided, as well as a copy of Public Chapter No. 977, Senate Bill No. 3513 amending Tennessee Code Annotated, Section 55-10-403 relative to litter removal supervision fees for first time DUI offenders, which stated:

“(s)(3) In order to compensate the probation office or county official who administers the state litter removal grant for costs related to the supervision of the offender while on a litter removal work crew, the offender shall pay to the probation office or county official who administers the state litter removal grant a fee for each day the offender participates in a litter removal program. **The fee shall be fixed by resolution of the county legislative body.** The probation office or county official that administers the state litter removal grant may collect the fee before the offender is permitted to perform litter removal services, after each day service is performed, or after all days of litter removal have been performed, but the fee shall be collected before the office certifies that the offender has completed this condition of probation. The judge has the authority, however, to make an affirmative finding that the offender lacks a present ability to pay the fee and to include such finding in the sentencing order, which shall be submitted to the probation office or county official that administers the state litter removal grant.”

Comm. Baum said he thought some members of the Public Safety Committee had proposed setting the fee higher than \$30. He stated that he was not recommending that, but asked what the discussion had been.

Superintendent Bernard Salandy explained that the fee was based on what was considered as the average daily cost for housing an individual who was incarcerated. The current fee is \$20. Mr. Salandy advised that Davidson County’s fee was \$44. He stated that due to inflation and other increases, it was being proposed to increase the fee. He advised that Rutherford County received a grant that offset some of the costs for litter pick up on state highways, and he was not proposing to increase the fee to \$44 and that the \$10 increase would be sufficient for now.

Mayor Burgess advised that a \$20 increase would be more than enough, and that the cost to run the program was approximately \$12,000 per year. He advised that the county was already receiving a substantial margin above the current \$20 fee. Mayor Burgess advised that even without the grant, the \$20 would more than compensate the county for its expenses. He stated if the fee was increased too much, the individuals would not be able to pay it. He stated that he was okay with the \$30 fee.

Comm. Peay stated that was why he voted against the motion at the Public Safety Committee meeting.

Following discussion, Comm. Sandlin moved, seconded by Comm. Baum to approve the recommendation from the Public Safety Committee and forward a Resolution to the County Commission increasing the DUI Litter Pick Up Fee from \$20 to \$30 for each day an offender participates in the litter removal program.

The motion passed by roll call vote with Commissioners Baum, Jernigan, Jordan, Sandlin, Shafer, and Ealy voting “yes”; and Commissioner Peay voting “no”.

RESOLUTIONS AUTHORIZING REFUNDING BOND ISSUES:

The Finance Director provided an analysis of the county’s current schedule of principal and interest requirements by year. At July 1, 2012, the county’s outstanding principal was \$379,345,000 with \$369,745,000 being bonds.

The Finance Director provided an analysis of each outstanding issue, which included four prior refunding issues that had provided a savings to the county.

The Finance Director advised that based on current conditions; there might be an opportunity for the county to achieve some savings with another refunding. The county issues tax-exempt bonds so that a lower interest rate can be achieved. The individual who buys the county’s bonds receives a lower interest rate, but the interest that the individual receives is tax-exempt; and therefore, the Federal Government receives less income. The Federal Government requires that tax-exempt debt can only be refunded one time with tax-exempt bonds.

Mayor Burgess advised that if an issue is refunded a second time, it has to be refunded with taxable debt. He advised that the analysis reflected which issues were being proposed to be refunded the first time with tax-exempt debt, and which issues were being proposed to be refunded the second time with taxable debt.

The Finance Director advised that the refunding plan had been sent to the state, and the state had approved the plan. It was proposed that the maximum size of the tax-exempt refunding would be authorized at \$45,000,000 with the anticipated size being \$42,200,000 or less. The cost of issuance was conservatively estimated at \$150,000 not including underwriting costs. Actual costs are expected to come in at or below this amount. The underwriting discount will be determined by competitive bid. An analysis was provided showing a comparison of the pre-refunding debt and the post-refunding debt service, which reflected a savings of \$3,957,860.

Comm. Baum asked if this was possible because of lower interest rates and if the debt was being extended.

The Finance Director advised that it was possible because of lower interest rates, and that the debt was not being pushed further out.

Comm. Jordan asked if the rates increased, and it was decided not to issue the refunding, how much money had the county spent.

The Finance Director advised that nothing had been spent. The issues will be rated, and if the county decided not to issue the refunding after the rating was performed, there would be a rating expense.

The Finance Director reviewed the proposed taxable refunding bonds, which included bonds that had already been refunded once. The maximum size of the taxable refunding bonds was proposed at \$36,000,000 although the anticipated amount would be closer to \$34,300,000. The estimated issuance cost was \$100,000, which will be determined by competitive bid. The estimated savings from the taxable refunding bond issue was \$1,350,052.

The Finance Director advised that the majority of the savings would be realized in years 2013-14, 2014-15, and 2015-16.

The Finance Director advised that the refunding plan had to be submitted to the state at least 15 days before being presented to the County Legislative Body and that had been done. Copies of letters from the State Comptroller of the Treasury acknowledging receipt of a request to review the plan for the refunding were provided.

Following discussion, Comm. Jordan moved, seconded by Comm. Baum to forward a Resolution to the County Commission authorizing the issuance of General Obligation Tax-Exempt Refunding Bonds in an amount not to exceed \$45 Million and a Resolution authorizing the issuance of General Obligation Taxable Refunding Bonds in an amount not to exceed \$36 Million.

The motion passed unanimously by roll call vote.

2013-14 BUDGET CALENDAR:

A proposed 2013-14 Budget Calendar was presented for approval. The calendar called for the budget forms to be distributed to the departments by January 11, 2013. The calendar called for the regular Health & Education Committee meeting to be moved from May 28 to May 21, 2013, which would also be a joint meeting with the Budget Committee to review the School Board budgets. This change was cleared with Health & Education Committee Chairman Jeff Jordan and with the School Board. The Budget Committee would meet on May 28, 2013 to review the School Board budgets with a proposal on the entire budget for publication being made at a meeting on May 30, 2013. The proposed recommended budget would be published in the newspaper on Sunday, June 9, 2013. The public hearing on the budget was scheduled for June 17, 2013. The County Commission meeting to adopt the budget was scheduled for June 28, 2013 at 9:00 A.M.

Following review, Comm. Jordan moved, seconded by Comm. Jernigan to approve the proposed 2013-14 budget calendar as presented.

The motion passed unanimously by acclamation.

ADJOURNMENT:

There being no further business to be presented at this time, Chairman Ealy declared the meeting adjourned at 6:20 P.M.

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Elaine Short, Secretary